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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-53681

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2011 AND ENDING 12/31/2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Brentwood Capital Advisors, LLC**

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**1600 Division Street, Suite 520**

(No. and Street)

**Nashville**

**Tennessee**

**37203**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Kevin Murphy**

**615-690-1700**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Price CPAs, PLLC**

(Name - if individual, state last, first, middle name)

**3825 Bedford Ave., Suite 202 Nashville**

**Tennessee**

**37215**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

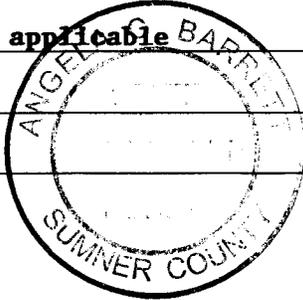
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Kevin Murphy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Brentwood Capital Advisors, LLC, as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Not applicable



[Signature]  
Signature  
Managing Partner  
Title

[Signature]  
Notary Public

- This report \*\* contains (check all applicable boxes):
- (a) Facing Page.
  - (b) Statement of Financial Condition.
  - (c) Statement of Income (Loss).
  - (d) Statement of Changes in Financial Condition.
  - (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
  - (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
  - (g) Computation of Net Capital.
  - (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
  - (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
  - (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
  - (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
  - (l) An Oath or Affirmation.
  - (m) A copy of the SIPC Supplemental Report.
  - (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**BRENTWOOD  
CAPITAL  
ADVISORS**

**PRICE CPAs**  
CONSULTING PLANNING ACCOUNTING

**BRENTWOOD  
CAPITAL  
ADVISORS**

**BRENTWOOD CAPITAL ADVISORS, LLC  
Financial Statements  
December 31, 2011**

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**Independent Auditor's Report**

The Members  
Brentwood Capital Advisors, LLC  
Nashville, Tennessee

We have audited the accompanying statement of financial condition of Brentwood Capital Advisors, LLC as of December 31, 2011, and the related statement of operations and members' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brentwood Capital Advisors, LLC as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Price CPAs, PLLC  
February 24, 2012

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Statement of Financial Condition**  
**December 31, 2011**

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash	\$ 546,554
Prepaid expenses	4,591
	<u>551,145</u>
<b>PROPERTY, PLANT AND EQUIPMENT, net</b>	40,547
<b>OTHER ASSETS</b>	
Note receivable - member	25,000
Other assets	10,000
	<u>35,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 626,692</u></u>

**LIABILITIES AND MEMBERS' EQUITY**

<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 24,768
<b>MEMBERS' EQUITY</b>	<u>601,924</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u><u>\$ 626,692</u></u>

See Independent Auditor's Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Statement of Operations and Members' Equity**  
**For the Year Ended December 31, 2011**

<b>REVENUE</b>	\$ 3,190,000
<b>OPERATING EXPENSES</b>	<u>1,858,419</u>
<b>Operating Income</b>	1,331,581
<b>OTHER INCOME (DEDUCTIONS)</b>	
Interest income	610
Interest expense	(4,976)
Bonuses	(1,010,000)
401k profit sharing and defined benefit pension plans	<u>(297,445)</u>
<b>Other Deductions</b>	<u>(1,311,811)</u>
<b>NET INCOME</b>	19,770
<b>MEMBERS' EQUITY AT BEGINNING OF YEAR</b>	337,304
<b>Contributions from Members</b>	654,850
<b>Distributions to Members</b>	<u>(410,000)</u>
<b>MEMBERS' EQUITY AT END OF YEAR</b>	<u><u>\$ 601,924</u></u>

See Independent Auditor's Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 19,770
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
Depreciation	18,905
Provision for bad debts	1,339
<b><i>Changes in Assets and Liabilities:</i></b>	
Accounts receivable	(41)
Prepaid expenses	4,695
Accounts payable and accrued expenses	<u>(39,697)</u>
<b>Total adjustments</b>	<u>(14,799)</u>
<b>Net cash provided by operating activities</b>	4,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments for the purchase of property and equipment	<u>(19,791)</u>
<b>Net cash used by investing activities</b>	(19,791)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Capital contributions	654,850
Distributions to members	<u>(410,000)</u>
<b>Net cash provided by financing activities</b>	<u>244,850</u>
<b>NET INCREASE IN CASH</b>	230,030
<b>CASH - BEGINNING OF YEAR</b>	<u>316,524</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 546,554</u></u>

See Independent Auditor's Report and Notes to Financial Statements

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Brentwood Capital Advisors, LLC (the Company) is a boutique investment banking firm focused on private placements of senior and subordinate debt and equity securities to institutional investors in addition to providing mergers and acquisition financial advisory services. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority (FINRA), which is the governing body for the broker-dealer industry created by the July 2007 merger of NASD and NYSE Regulation.

This summary of significant accounting policies of Brentwood Capital Advisors, LLC is presented to assist in understanding Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Basis of presentation**

The financial statements are prepared on the accrual basis.

**Property and Equipment**

Property and equipment is stated at cost. Expenses for repairs and maintenance are expensed as incurred. Depreciation is provided over the assets' estimated useful lives using the straight-line and declining-balance methods. Estimated useful lives range from 5-7 years.

Depreciation expense for the year ended December 31, 2011, totaled \$18,905.

Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

**Income taxes**

The Company is taxed as a partnership under the Internal Revenue Code and applicable state statutes, and, therefore, the Company's income flows through to the members to be taxed at the individual level rather than the corporate level. Accordingly, the Company will have no tax liability (with limited exceptions) as long as the partnership election is in effect.

The Company accounts for income taxes in accordance with FASB ASC 740 (formerly SFAS No. 109) Accounting for Income Taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The difference relates to the temporary difference in depreciation calculated for book and tax

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Income taxes (continued)**

purposes as well as accrual to cash conversion. The components of the deferred tax asset and liability are classified as current and non-current based on their characteristics. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company has adopted the effective accounting standards within FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. These standards also provide guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods and disclosure. For the year ended December 31, 2011, the Company has no material uncertain tax positions to be accounted for in the financial statements under the new rules. No interest or penalties have been accrued or charged to expense as of December 31, 2011 or for the year then ended. Based on the results of management's evaluation, the Company has no material uncertain tax positions to be accounted for in the financial statements for the year ended December 31, 2011.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its shareholders will not be subject to additional tax, penalties, and interest as a result of such challenge. The Company's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal income tax returns have a three year statute of limitations.

**Revenue recognition**

Fees related to private placements of senior and subordinate debt, as well as equity securities are recognized upon the date of placement and financial advisory services fees are recognized as services are provided.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**Allowance for Doubtful Accounts**

The Company considers all accounts outstanding in excess of ninety (90) days delinquent. These accounts are evaluated on a customer-by-customer basis based on payment history to determine the allowance for doubtful accounts.

**Fair Value of Financial Instruments**

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

- Current Assets and Liabilities: The carrying values of these items approximate their fair values due to the short maturities of these instruments.
- Other Assets: The carrying values of these items reflect cost which management believes approximates fair value.

**Date of Management's Review**

Subsequent events have been evaluated through February 24, 2012, which is the date the financial statements were issued.

**NOTE 2 - CREDIT RISK AND OTHER CONCENTRATIONS**

The Company maintains its cash in bank deposit accounts at regional financial institutions, which at times, may exceed the FDIC limit. The Company has not experienced any losses in such accounts, therefore management does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

**NOTE 3 – PROPERTY AND EQUIPMENT, net**

A summary of property and equipment, net, as of December 31, 2011, is as follows:

Office Equipment	\$ 90,774
Furniture and fixtures	145,730
	<hr/> 236,504
Accumulated depreciation	<hr/> (195,957)
	<hr/> <hr/> \$ 40,547

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 4 - RETIREMENT PLANS**

***401(k) Profit Sharing Plan***

The Company sponsors a 401(k) profit sharing plan for qualified employees. Company contributions are made at management's discretion but cannot exceed the amount deductible for federal income tax purposes.

***Defined Benefit Plan***

The Company maintains a cash balance pension plan for eligible employees. A cash balance pension plan operates as a defined benefit pension plan. Contributions from the Company are calculated annually at amounts deemed necessary by actuarial study to fund the Plan in accordance with the applicable minimum funding standards. Notwithstanding the foregoing, the Employer reserves the right to terminate this Plan at any time. As of December 31, 2011, there are fifteen participants in the plan. Contributions are based on the amount required to fund a projected annual benefit at the employees retirement date. Non-owner participants in the plan are credited with an amount equal to 1.5% of their compensation for the plan year. The owner participants reimburse the company for the amount of contribution required to fund their projected benefit. As of December 31, 2011 the estimated actuarial value of Plan assets is equal to 87.33% of the Plan's actuarial estimated present value of accrued benefits.

**NOTE 5 - LEASE COMMITMENTS**

The Company has lease agreements for office space and office equipment under operating leases. Rent expense under these leases amounted to \$165,491 in 2011. A summary of future minimum payments under these leases as of December 31, 2011 is as follows:

<u>Year Ending,</u>	<u>Amount</u>
2012	\$ 158,163
2013	201,589
2014	205,143
2015	208,415
2016	208,292
Thereafter	890,177
	<u>\$ 1,871,779</u>

**NOTE 6 - NET CAPITAL REQUIREMENTS AND OTHER RESTRICTIONS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that a Broker/Dealer's aggregate indebtedness, as defined, shall not exceed fifteen times net capital, subject to a minimum net capital requirement. Minimum net capital for the Company is \$5,000. At December 31, 2011, the Company had net capital of \$521,786, which was \$516,786 in excess of its required net capital of \$5,000.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2011**

**NOTE 7 – RELATED PARTIES**

The Company is related to several other entities through common ownership. The following entities are related parties:

<u>Entity</u>	<u>Description</u>
Brentwood Capital Partners, L.P. (BCP)	Limited partnership formed for the primary purpose of co-investing in the private equity-sponsored transactions on which Brentwood Capital Advisors, LLC (BCA) advises, or transactions sponsored by private equity funds with which BCA has strong relationships.
Brentwood Equity Management, LLC (BEM)	General partner of BCP – responsible for all investment and management decisions of BCP, for which it receives annual management fees equal to 2% of BCP’s committed capital, due in quarterly installments. In turn, BEM remits to BCA all management fees received via an advisory services agreement. BEM is owned by the members owning BCA.
Brentwood Equity Partners (BEP)	Special limited partner of BCP. BEP receives a carried interest equal to 20% of BCP’s profits, after the other partners have received a complete return of their capital contributions. BEP is wholly controlled by BEM.
PEP-PGI, L.P.	Limited partnership organized for the purposes of acquiring, holding and selling interests in a specific portfolio entity. The management and control of PEP-PGI, L.P. rest exclusively with its general partner, BEM.

For the year ended December 31, 2011, the Company received \$350,000 in investment advisory services per the agreements with BCP and BEM, noted above.

**NOTE 8 – SUBSEQUENT EVENT**

During February 2012, the Company entered into a 102-month lease agreement effective August 1, 2012 to lease office space for \$1,783,160, which is included in the lease commitment schedule (*See Note 5*).

**BRENTWOOD  
CAPITAL  
ADVISORS**

**Supplemental Information  
December 31, 2011**

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Operating Expenses**  
**For the Year Ended December 31, 2011**

Salaries and benefits	\$ 1,307,015
Advertising and promotion	115,086
Depreciation	18,905
Dues and subscriptions	14,286
Legal and professional	46,816
Licenses, bonds, and fees	617
Insurance	128,518
Miscellaneous	(545)
Office expenses	27,799
Rent	158,935
Repairs and maintenance	6,805
Other taxes	10,969
Telephone	4,878
Travel and entertainment	16,996
Bad debt expense	<u>1,339</u>
	<u><u>\$ 1,858,419</u></u>

See Independent Auditor's Report

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**December 31, 2011**

Total members' equity	\$ 601,924
Less non-allowable assets and haircuts:	
Property and equipment, net	40,547
Note receivable – member	25,000
Other Assets	10,000
Accounts receivable	-
Prepaid expenses	4,591
	<hr/>
Total non-allowable assets and haircuts	80,138
	<hr/>
Net capital	521,786
Net capital required	5,000
	<hr/>
Excess net capital	\$ 516,786
	<hr/> <hr/>
Reconciliation with Company's computation (included in Part II of form X-17A-5 as of December 31, 2011)	
Excess as reported in Company's Part II FOCUS report	\$ 516,786
	<hr/> <hr/>

See Independent Auditor's Report

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Computation for Determination of Reserve Requirements**  
**Pursuant to Rule 15c3-3**  
**December 31, 2011**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(i) of the Rule.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Information Relating to the Possession or Control**  
**Requirements Under Rule 15c3-3**  
**December 31, 2011**

The Company is exempt from the requirements of Rule 15c3-3 under Section K(2)(i) of the Rule.

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Reconciliation, Including Appropriate Explanation, of the Computation of**  
**Net Capital Under Rule 15c3-1 and the Computation for Determination of the**  
**Reserve Requirements Under Exhibit A of Rule 15c3-3**  
**December 31, 2011**

Not Applicable

**BRENTWOOD CAPITAL ADVISORS, LLC**  
**Material Inadequacies Found to Exist or Found to**  
**Have Existed Since the Date of the Previous Audit**  
**December 31, 2011**

None



**Report On Internal Control Required by SEC Rule 17a-5 (g)(1) for a Broker-Dealer  
Claiming an Exemption from SEC Rule 15c3-3**

**The Members**

Brentwood Capital Advisors, LLC:

In planning and performing our audit of the financial statements and supplemental schedules of Brentwood Capital Advisors, LLC (the Company) as of and for the year ended December 31, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness on the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration on control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of the Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in conformity with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

PRICE CPAs, PLLC

3825 Bedford Avenue  
Suite 202  
P.O. Box 150749  
Nashville, Tennessee 37215

Phone 615.385.0686  
Fax 615.463.0586  
www.pricecpas.com

*A member of the  
American Institute of Certified  
Public Accountants*

Because of inherent limitations in any internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Price CPAs, PLLC  
February 24, 2012